

Regular Session, 2009

SENATE BILL NO. 267

BY SENATORS MICHOT, APPEL, CROWE, DUPLESSIS, LONG, SMITH AND  
WALSWORTH AND REPRESENTATIVES HENRY BURNS, TIM  
BURNS, CHAMPAGNE, CONNICK, CORTEZ, DOVE, FOIL,  
LITTLE, MILLS, PERRY, PUGH, ROBIDEAUX, SIMON, SMILEY,  
JANE SMITH AND WILLMOTT

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

FUNDS/FUNDING. Provides relative to special funds in the state treasury. (7/1/09)

AN ACT

To enact R.S. 49:308.5, relative to special funds in the state treasury and dedicated money;  
to provide for an annual performance report of the activities funded by such special  
funds; to provide relative to the development of a plan and schedule relative to the  
biennial review of special funds and dedications; to provide for the biennial review  
and report of the findings of such review; to provide for exceptions; to provide for  
an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 49:308.5 is hereby enacted to read as follows:

**§308.5. Special funds and dedication of money**

**A. The legislature hereby finds that due to the number of special funds  
in the state treasury it is difficult for the governor, the legislature, and the  
public to assess the return on investment of the activities supported by such  
funds. In order to address this situation, the legislature finds that a system of  
transparency and accountability needs to be established and that the authority  
for such funds should routinely sunset unless the return on investment of the  
activities funded by monies deposited in such fund warrants the continuation**

1 of this method of funding. Further inducing competition for funding from the  
2 state general fund will put all activities on an equal footing and will allow the  
3 governor and the legislature to better prioritize funding.

4 B.(1) The division of administration shall establish a procedure to assure  
5 that the activities supported by a special fund are subject to the same level of  
6 transparency and accountability as activities supported by the state general  
7 fund. The procedure shall include the annual submission of reports no later  
8 than December first of each year for all entities and activities supported by  
9 appropriations from the fund.

10 (2) The reports shall be submitted to the president of the Senate, the  
11 speaker of the House of Representatives, and the division of administration. The  
12 reports to the division of administration shall be submitted electronically in a  
13 form and format as specified and established by the commissioner of  
14 administration. The division of administration shall publish the reports in an  
15 electronic database so as to ensure transparency and accountability.

16 (3)(a) Beginning October 1, 2009, and every two years thereafter, the  
17 division of administration shall develop a plan and schedule for the review of  
18 the special funds and dedications. The plan and schedule shall be submitted to  
19 the Joint Legislative Committee on the Budget for its review and approval. The  
20 plan may be adjusted annually as needed.

21 (b) Each plan and schedule shall provide for the review of not more than  
22 twenty-five percent of the special funds and dedications. The plan and schedule  
23 shall specify the funds and dedications that are to be reviewed.

24 (c) The Joint Legislative Committee on the Budget, hereinafter referred  
25 to as "the committee," shall conduct a review of the special funds and  
26 dedications as specified in each such plan and schedule.

27 (4) No later than February 15, 2010 and every two years thereafter, the  
28 committee shall report the findings of each biennial review to the speaker of the  
29 House of Representatives, the president of the Senate, the governor, and the

1 commissioner of administration.

2 C. This Section shall not apply to or affect the laws which dedicate or  
3 otherwise provide for the use of the following money or the laws which provide  
4 for the following special funds in the state treasury:

5 (1) Special funds or dedications of money received by the state or by any  
6 state board, agency, or commission which is protected by the Constitution of  
7 Louisiana and laws effectuating such special funds and dedications or special  
8 funds containing money which is not required by the constitution to be  
9 deposited in the state treasury pursuant to Article VII, Section 9(A) of the  
10 Constitution of Louisiana.

11 (2) Special funds in the state treasury established solely as a requirement  
12 of the terms, conditions, or requirements of:

13 (a) Grants, donations, or other forms of assistance.

14 (b) Court or regulatory agency orders or judgments.

15 (c) Contracts of the state or of its agencies, boards, or commissions,  
16 including contracts related to the issuance of bonds, notes, and other  
17 indebtedness.

18 (3) Special funds and dedications of money provided by law for money  
19 received by or on behalf of a state board, agency, authority, or commission  
20 which is mainly composed of and represents members of a trade, business, or  
21 professional association from fees or assessments paid by the members of the  
22 trade, business, or professional association and which expends the money on  
23 market or product research and development.

24 (4) Special funds and dedications of money provided by law related to  
25 the judiciary.

26 (5) Special funds and dedications of money provided by law related to  
27 retirement funds.

28 Section 2. This Act shall become effective on July 1, 2009.

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The original instrument was prepared by Martha Hess. The following digest, which does not constitute a part of the legislative instrument, was prepared by Bobbie Hunter.

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#### DIGEST

Michot (SB 267)

Proposed law requires the division of administration to establish a procedure to assure that the activities supported by the special funds in the state treasury are subject to the same level of transparency and accountability as activities supported by the state general fund.

Proposed law provides for legislative intent.

Proposed law provides that the procedure shall include the annual submission of a report no later than December 1 of each year for all entities and activities supported by appropriations from each fund.

Proposed law provides that the reports shall be submitted to the president of the Senate, speaker of the House of Representatives and the division of administration. Proposed law provides that the reports to the division of administration shall be submitted electronically in a form and format as specified and established by the commissioner of administration. Proposed law provides that the division of administration shall publish the reports on an electronic database.

Proposed law provides that beginning 10/1/09 and every two years thereafter, the division of administration shall develop a plan and schedule for the review of the special funds and dedications, which plan and schedule shall be submitted to the Joint Legislative Committee on the Budget for its review and approval.

Proposed law provides that each plan and schedule shall provide for the review of not more than 25% of the special funds and dedications and shall specify the funds and dedications that are to be reviewed.

Proposed law provides that the Joint Legislative Committee on the Budget shall conduct a review of the special funds and dedications as specified in each such plan and schedule.

Proposed law provides that no later than 2/15/10 and every two years thereafter, the Joint Legislative Committee on the Budget shall report the findings of each biennial review to the speaker of the House of Representatives, the president of the Senate, the governor and the commissioner of administration.

Proposed law shall not apply to or affect the laws which dedicate or otherwise provide for the use of the following money or the laws which provide for the following special funds in the state treasury:

- (1) Special funds or dedications of money received by the state or by any state board, agency, or commission which is protected by the Constitution of Louisiana and laws effectuating such special funds and dedications or special funds containing money which is not required by the constitution to be deposited in the state treasury.
- (2) Special funds in the state treasury established solely as a requirement of the terms, conditions, or requirements of:
  - (a) Grants, donations, or other forms of assistance.
  - (b) Court or regulatory agency orders or judgments.

- (c) Contracts of the state or of its agencies, boards, or commissions, including contracts related to the issuance of bonds, notes, and other indebtedness.
- (3) Special funds and dedications of money provided by law for money received by or on behalf of a state board, agency, authority, or commission which is mainly composed of and represents members of a trade, business, or professional association from fees or assessments paid by the members of the trade, business, or professional association and which expends the money on market or product research and development.
- (4) Special funds and dedications of money provided by law related to the judiciary.
- (5) Special funds and dedications of money provided by law related to retirement funds.

Effective July 1, 2009.

(Adds R.S. 49:308.5)

#### Summary of Amendments Adopted by Senate

##### Committee Amendments Proposed by Senate Committee on Finance to the original bill.

1. Provides beginning October 1, 2009 and every two years thereafter, the division of administration shall develop a plan and schedule for the review of special funds and dedications, to be presented to the Joint Legislative Committee on the Budget for review and approval.
2. Provides that each plan and schedule shall provide for the review of not more than 25% of the special funds and dedications and shall specify the funds and dedications to be reviewed.
3. Provides for Joint Legislative Committee on the Budget to review special funds and dedications as specified in such plan and schedule.
4. Provides that no later than February 15, 2010 and every two years thereafter, the committee shall report its findings to the speaker of the House of Representatives, the president of the Senate, the governor and the commissioner of administration.
5. Deletes provisions regarding abolition of funds and transfer of balances of abolished funds to the general fund.

##### Senate Floor Amendments to engrossed bill.

1. Bureau. Technical in nature.